



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Structured Assessment 2017 – **Welsh Ambulance Services NHS Trust**

Audit year: 2017

Date issued: January 2018

Document reference: 265A2017-18



This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

info.officer@audit.wales.

The team who delivered the work comprised Fflur Jones, Carol Moseley, Nathan Couch, Michelle Phoenix and Melanie Williams under the direction of Dave Thomas.

Contents

Summary report

Context	4
Key findings	4
Recommendations	11

Detailed report

The Trust met its breakeven duty in 2016-17 and has improved its planning, monitoring and delivery of savings, but needs to rely less on transactional savings and scrutinise underperforming schemes more closely	13
--	----

While the Trust continues to strengthen its planning and governance arrangements, it would benefit from increasing the pace of change in some key areas	21
---	----

The Trust is strengthening the vision for its estate, stakeholder engagement and workforce planning, however managing assets and sickness absence continues to present challenges	34
---	----

Appendices

Appendix 1 – the Trust’s management response to the 2017 structured assessment recommendations	40
Appendix 2 – summary of Trust 2016-17 saving scheme delivery	48

Summary report

Introduction and background

- 1 Our structured assessment work helps inform the Auditor General's views on the Welsh Ambulance Services NHS Trust's arrangements to secure efficient, effective and economic use of its resources. Our 2016 work found **The Trust has made progress in developing and improving its arrangements to support financial management, governance and assurance and is aware of the need to maintain pace and momentum to address remaining challenges.**
- 2 As in previous years, our 2017 structured assessment work has reviewed aspects of the Trust's corporate governance and financial management arrangements, and, in particular, the progress made in addressing the previous year's recommendations. Recognising the growing financial pressures faced by many NHS bodies and the challenge of meeting the financial breakeven duties set out in the NHS Wales Finance Act (Wales) 2014, we have also reviewed the Trust's arrangements to plan and deliver financial savings.
- 3 The findings set out in this report are based on interviews, observations at Board, committee and management group meetings, together with reviews of relevant documents and performance and finance data.

Key findings

- 4 This year's structured assessment work has demonstrated that the Trust has continued to take forward the corporate arrangements that support the efficient, effective and economical use of its resources. The Trust met its statutory financial break even duty for 2016-17 and has evolved its approach to the planning, delivery and monitoring of savings schemes. However, there is a need for a greater focus on transformational approaches to financial efficiencies and more explicit scrutiny on under-performing saving schemes.
- 5 Governance and assurance arrangements are broadly sound and continue to develop although there is a need for further action in a number of areas, with scope to increase the pace of change and improvement.
- 6 Arrangements for stakeholder and partner engagement are positive and work is underway to strengthen workforce planning and strategic estate management. However, asset management and sickness absence continue to present challenges and the Trust will need to ensure that it has sufficient ICT capacity to support on-going service modernisation.
- 7 The findings underpinning the above key messages are summarised below.

Financial planning and management

- 8 In reviewing the Trust's financial planning and management arrangements we found that **the Trust met its breakeven duty in 2016-17 and has improved its**

planning, monitoring and delivery of savings, but needs to rely less on transactional savings and scrutinise underperforming schemes more closely. The findings underpinning this conclusion are summarised in the following sections.

Financial performance – The Trust met its statutory duty to break even in 2016-17 and has improved its delivery of savings over the last three years, but the success of individual schemes is highly variable

- 9 There is a statutory duty for NHS Trusts to balance income and expenditure (break-even) on a rolling 3-year period, which the Trust achieved in 2014-15, 2015-16 and again in 2016-17. Despite in-year forecast positions of a slight deficit, the Trust met its break even duty and actually retained a small surplus of £49,000 at year end. The Trust achieved £4.7 million in savings by the end of 2016-17 against a target of £5.2 million.
- 10 In 2017-18, a financial savings target of £4.9 million has been set. At month seven, the Trust had delivered £2.64 million of savings against a year-to-date target of £2.85 million. While reporting a small deficit of £41,000 at month seven, the Trust is forecasting financial breakeven for the year end.
- 11 Overall, the Trust's savings targets have ranged between 3.1% and 4.1% of planned expenditure over the last three years. Actual delivery of savings targets has improved year on year. However, the success of individual savings plans varied significantly in 2016-17 and the achievement of 91% of the Trust's planned level of savings was due to the significant over-delivery of a small number of schemes, off-setting the under-delivery of a high number of other schemes.

Financial savings planning and delivery arrangements – The Trust has strengthened its savings approach and increased the level of recurring savings, but with increasing financial pressures more transformative schemes will be needed for a more sustainable long-term approach

- 12 During 2016-17, the Trust increased the involvement of its corporate support services in savings planning and delivery. This year it has built on lessons learned by grouping major saving schemes into themes, supported by detailed plans that identify individual savings areas.
- 13 The Trust has consistently reduced its reliance on non-recurrent savings over the last 3 years. However, the Trust's savings plans for 2016-17 and 2017-18 have primarily focussed on operational and cost control schemes, and it would benefit from a greater focus on service modernisation.
- 14 The Trust is actively developing knowledge by reviewing other organisations' approaches to savings management and by exploring opportunities to benchmark internally and externally, although there is scope to develop its external benchmarking further.

- 15 For 2017-18, the Trust has strengthened its approach to savings delivery, with Executive Directors assigned as leads for each individual scheme. The Trust's performance with regard to savings delivery so far in 2017-18 is stronger than in 2016-17, which reflects the Trust's improved arrangements for savings identification and delivery.

Financial savings monitoring – The Trust has strengthened its accountability and monitoring arrangements, however, scrutiny of discrete savings plans lacks sufficient depth at committee level

- 16 The Trust established an Executive Finance Group (EFG) during 2016-17 to review savings and sustainability throughout the Trust. The EFG receives information on the progress of savings schemes through monthly Savings Highlight Reports. This new approach strengthens accountability for delivery of savings schemes at executive level and facilitates cross-organisational dialogue on savings.
- 17 The level of information on savings is sufficient to support scrutiny and the Board and Finance and Resources Committee routinely receive updates on the Trust's overall financial performance, including savings delivery. However, the evidence of scrutiny and challenge at Board is limited and while the Committee challenges overall performance against the savings plan, it provides limited scrutiny of specific savings schemes that are under-achieving.
- 18 The risks that savings schemes may present for service performance and/or quality are considered during the planning stage for savings schemes. However, changes to risks or emerging risks are not regularly reported within the Trust's savings reports.

Progress in addressing previous structured assessment recommendations on financial planning and management – The Trust is taking steps to address previous recommendations relating to the savings plans and asset management controls, but there is more to do

- 19 The Trust has made good progress in developing delivery plans to support cost improvement programmes with detailed plans underpinning each savings 'theme'. These plans recognise how a number of individual schemes contribute to a particular theme. There is a clear golden thread linking savings plans from budget holder to individual savings scheme and to overall savings theme.
- 20 The Trust can also demonstrate progress in strengthening its asset management controls, although a number of the issues identified in 2015-16 still need to be addressed and some further issues were identified through this year's work. These were reported in the 2016-17 Final Accounts Memorandum (as outlined in **Exhibit 1**) to the Trust's Audit Committee in December along with the Trust's management response. The management response details the actions the Trust has been taking to address the matters raised, along with its remaining actions for fully addressing all the issues identified.

Governance and assurance

- 21 In reviewing the Trust's corporate governance and board assurance arrangements we found that **While the Trust continues to strengthen its planning and governance arrangements, it would benefit from increasing the pace of change in some key areas.** In reaching this conclusion, we found that:

Strategic planning – The Trust's approach to strategic planning continues to mature and it is developing its long-term strategy and its approach to strategic change management

- 22 This year Welsh Government approved the Trust's Integrated Medium Term Plan (IMTP) for a second consecutive year. The Trust has learned from the first iteration of its IMTP in 2016-17 and has an ambition to develop a long-term strategy for 2017-30, indicating growing maturity in its strategic planning. However, while it is engaging in developing its approach to strategic change management, it has made less progress than intended. Capacity issues also caused slippage against some of the Trust's IMTP actions during 2016-17 and in Quarter One of 2017-18.

Organisational structure – The Trust is strengthening the structure of its clinical and operational departments, but building capacity in corporate functions remains a challenge

- 23 The Trust has made changes to the organisational structure of two key departments during 2016-17 in order to strengthen its clinical department and encourage better operational working across boundaries. These changes have been well-received by both Executive and Non-Executive Directors. However, while some changes have been made to the Trust's corporate functions, the stretched capacity of corporate functions continues to limit the pace with which the Trust can drive strategic change under the IMTP. The planned review of the Trust's back office functions in 2018 should provide an opportunity to identify and make plans to address capacity needs in some specific corporate areas.

Board and committee effectiveness – Board and committee meetings are generally effective and open, however the Trust must maintain pace in strengthening several areas of governance

- 24 Board and committee meetings continue to generally be working effectively and recent self-assessments and work to benchmark committees should lead to greater clarity on their roles and responsibilities. The Trust has mapped the sub-groups that operate beneath its Quality, Patient Experience and Safety Committee, and has plans to extend this exercise across other areas of scrutiny and assurance, taking a risk-based approach, starting with Information Technology in 2018.
- 25 Our structured assessment 2016 report highlighted that some key items were not easily accessible on the Trust's website in accordance with the requirements of the Welsh Health Circular (2016) 033. Further review as part of this year's work shows that this is still an issue.

- 26 The Trust is focussed on identifying and addressing the development needs of Board members, which will support continuity during the transition to a new Chair and Chief Executive in 2018.
- 27 The Trust has approved a Policy for the Development, Review and Approval of Policies (also known as the 'policy on policies'). However, it recognises that reviewing and updating the out-of-date policies currently in place will take some time. In 2016, we also highlighted issues around the timeliness of committee papers. Whilst there has been some improvement in terms of the timeliness and quality of committee papers during 2016-17, we continue to observe instances of late papers and we observed some opportunities for the Trust to further improve committee papers, such as by being more assurance focussed.
- 28 In our structured assessment 2016, we made a number of observations relating to the Audit Committee tracker. During 2017, the Trust has reviewed the ownership and purpose of the tracker and the actions included on the tracker. It has also developed a high level overview for its tracker. While we recognise this progress, the Trust would benefit from greater clarity for some actions.
- 29 We also note progress in strengthening the Trust's clinical audit and effectiveness programme. In 2017, the Trust brought the two functions together, altered the approach for submitting audit bids and designated a committee to monitor the audit programme throughout the year.

Risk management and board assurance – The Trust continues to embed its new risk management strategy and continues to develop its recently approved Board Assurance Framework

- 30 The Trust recently approved its Board Assurance Framework (BAF). Assessment against our review of Board Assurance Frameworks in place across NHS bodies in Wales, shows that the Trust's BAF covers a range of information, but that it could be strengthened further in several areas. Work is ongoing to continuously improve the BAF and ensure members fully understand and embrace approach of the BAF.
- 31 The Trust is making good progress in embedding its new Risk Management Strategy and encouraging consistency in the identification and management of risk.

Information governance – The Trust is taking steps to strengthen information governance and achieve compliance with the requirements of new legislation by May 2018 but has more to do

- 32 The Trust has a Caldicott Guardian and Senior Information Risk Officer (SIRO) in place. Compliance with Caldicott: Principles into Practice (C-PIP) has improved and the Trust is now achieving a five star rating. A paper outlining the requirements of General Data Protection Regulation (GDPR) was presented to the Executive Management team in April 2017 and the Quality, Patient Experience and Safety Committee in September 2017. The Trust is aware of the need to update key policies in order to comply with the requirements of GDPR as out-of-date policies

pose a risk of exposing the Trust to significant fines from the Information Commissioner's Office (ICO) if not reviewed by May 2018.

Performance monitoring arrangements – Performance monitoring arrangements are well developed and continue to strengthen, and with good performance against red calls the Trust is focussing on amber calls

- 33 During 2017, the Trust made improvements to its Integrated Quality and Performance Report (IQPR) following comments in our structured assessment 2016. The Trust is planning further improvements to its performance management in 2017-18, including the procurement of an electronic dashboard.
- 34 The Trust's performance for red calls continues to improve and the Trust is working to manage demand in line with the five-step pathway. However, performance with regard to amber calls has deteriorated, with patients waiting longer each year and the Trust is focussed on making improvements in this area.

Other enablers of the efficient, effective and economical use of resources

- 35 In reviewing the Trust's use of enablers of the efficient, effective and economical use of resources we found that **The Trust is strengthening the vision for its estate, stakeholder engagement and workforce planning, however managing assets and sickness absence continues to present challenges**

Arrangements to manage the workforce efficiently, effectively and economically – The Trust is strengthening its workforce planning arrangements, and has been successful in improving aspects of workforce management, but reducing sickness absence remains a challenge

- 36 The Trust has strengthened its arrangements with regard to workforce planning. Due to the broader role of its HR business partners working with departments, workforce plans are becoming more robust. During 2016-17, the Trust has been preparing to upskill its paramedic workforce following the creation of the new band 6 pay level, with additional funding agreed through the Emergency Ambulance Services Committee (EASC).
- 37 The Trust is taking a distinctive approach by requiring its paramedics to either work towards and demonstrate greater competencies to achieve the new higher pay band, or to opt out of the scheme. At the time of fieldwork, the Trust had developed several scenario models for the number of staff opting in and out of the scheme. These models predict the impact of various levels of transition on the organisation.
- 38 During 2016-17, the Trust has had success with regard to recruiting paramedics. However, sickness absence rates, which have not decreased in line with the Trust's planned targets, compromises this success. Personal Appraisal Development Review (PADR) performance across the Trust has improved this

year, as has statutory and mandatory training compliance levels, however, continuing professional development (CPD) levels were low at the time of fieldwork.

Estates and asset management arrangements – The Trust has articulated its vision for its estate through an approved Strategic Outline Programme and is seeking to improve the accuracy and consistency of its asset management through the procurement of an Asset Management System

- 39 The Board approved the Estates Strategic Outline Programme (SOP) in March 2017, which details the vision for the Trust’s estate development between 2017 and 2027. The SOP has been submitted to Welsh Government and, if approved, will inform the Trust’s use of discretionary capital and business plans over the next ten years. For example, the SOP outlines the Trust’s options for addressing its backlog maintenance.
- 40 The Trust has made some improvement with regard to strengthening asset management controls. However, a number of areas we identified as areas to improve in 2015-16 remain and we identified further improvement areas in this year’s Financial Accounts Memorandum relating to its asset registers. The Trust recognises these areas and is taking steps to improve the accuracy and quality of its information while it moves its data to a new Asset Management System.

ICT and use of technology – The Trust is actively pursuing modernisation through improving its technological systems but support is limited due to resource pressures

- 41 The Trust’s ICT and informatics functions form part of the modernisation board and are active participants in the modernisation process. The Trust’s modernisation agenda for 2017-18 included the implementation of a replacement Computer Aided Dispatch (CAD) system which was underway at the time of fieldwork.
- 42 There are currently only 27 FTE staff in the Trust’s ICT function, and there is only one ICT Project Manager that covers all of the Trust’s ICT projects. The economic climate and ongoing requirement to make savings will make it challenging for the Trust’s ICT function to continue to support modernisation.

Stakeholder engagement and partnership working arrangements – The Trust is demonstrating a commitment to working with partners and is utilising public engagement to inform its long-term strategy

- 43 The Trust has recently developed and implemented an Engagement and Communications Framework and an accompanying Delivery Plan for 2017-18. The intention is for the Framework to support the Trust to achieve its vision for the organisation by working with partners. The Framework also comments on the opportunities for collaboration created by recent Welsh Government legislation, for example the Wellbeing of Future Generations (Wales) Act 2015 and the Social

Services and Well-being (Wales) Act 2014. The Trust can demonstrate good outcomes from partnership working with a range of partners including health boards, police and universities. The Trust’s Patient Experience and Community Involvement (PECI) team has also been engaging a number of specific patient groups during 2016-17 to inform the Trust’s long-term strategy.

Recommendations

- 44 Recommendations arising from the 2017 structured assessment work are detailed in [Exhibit 1](#). The Trust will also need to maintain focus on implementing any previous recommendations that are not yet complete.
- 45 The Trust’s management response detailing how it intends to address these recommendations will be included in [Appendix 1](#) and considered by the relevant board committee.

Exhibit 1: 2017 recommendations

The following table sets out the 2017 structured assessment recommendations

2017 recommendations	
Scrutiny of financial savings delivery	
R1	While there is good scrutiny of overall savings plan delivery, the Trust should strengthen its current arrangements to include: <ul style="list-style-type: none"> a. greater focus by the Executive Finance Group (EFG) on the reasons behind the under-delivery of specific saving schemes; b. improving attendance at the EFG by Executive Directors; and c. strengthening scrutiny of savings schemes that are underperforming by Finance and Resources Committee.
Identifying risks to performance and quality in savings plans	
R2	Risks to service performance and quality are considered in planning savings, but reporting risks in-year is limited. The Trust should take steps to ensure its Savings Delivery Reports highlight any risks that savings schemes may present for service performance or quality.
Strengthening asset management controls	
R3	The Trust needs to address the further improvements to asset management controls identified in the Auditor General’s accounts report and Final Accounts Audit Memorandum for 2016-17.
Compliance with Welsh Health Circular (2016) 033	
R4	We found that some key items were not easily accessible on the Trust’s website in accordance with the requirements of the Welsh Health Circular (2016) 033 in 2016 and have found a similar position in 2017. The Trust should take steps to ensure it complies with the requirements of WHC 033.

2017 recommendations

Strengthening the Board Assurance Framework

- R5 Assessment against our review of Board Assurance Frameworks in place across NHS bodies in Wales, shows that the Trust's BAF covers a range of information, but identified it could be strengthened in several areas. The Trust should:
- provide greater detail in describing the threats to achieving strategic objectives and their outcomes;
 - identify and clearly state the specific controls and assurances for the Framework, for example, detailing what clinical audit will provide assurance as opposed to assigning assurance to 'clinical audit' in a general sense; and
 - assign oversight of each identified risk to corporate objectives and the associated controls to a designated committee for scrutiny.

Strengthening the audit recommendation tracker

- R6 Improve the audit recommendation tracker further by consistently recording the outcomes of specific actions and how they relate to a recommendation. For example, where the action is to review a particular area or function of the organisation, provide a description of the outcome of that review and how it addresses the initial recommendation.

Reducing sickness absence

- R7 The Trust's sickness rates during 2016-17 have not decreased in line with planned targets. Given the ongoing impact sickness absence has on the Trust's operational capacity on a day-to-day basis, as well as its financial performance, the Trust should prioritise action to reduce sickness levels.

Information Governance policies

- R8 The Trust should improve the pace of updating its policies and make prompt progress against the wider General Data Protection Regulation (GDPR) requirements to ensure they comply with GDPR by May 2018.

Improving the quality and timeliness of Board and Committee papers

- R9 Improve the timeliness of Board and Committee papers, and make further improvements to their quality by:
- being more "assurance focussed", highlighting to members any particular risks they should consider, or the level of assurance that risks are being mitigated: the reporting checklist is a helpful tool for capturing this information, but it is not always included or completed consistently;
 - being more consistent in capturing the important discussion points in minutes: currently some minutes only capture actions, not recommendations and do not consistently evidence scrutiny or discussion; and
 - ensuring the Board regularly receives the minutes of the Emergency Ambulance Services Committee (EASC).

Detailed report

Financial planning and management

The Trust met its breakeven duty in 2016-17 and has improved its planning, monitoring and delivery of savings, but needs to rely less on transactional savings and scrutinise underperforming schemes more closely

46 In addition to commenting on the Trust's overall financial position, our structured assessment work in 2017 has considered the actions that the Trust is taking to achieve financial balance and create longer-term financial sustainability. We have assessed the corporate arrangements for planning and delivering financial savings in the context of the overall financial position of the organisation. However, detailed examination of individual savings plans was beyond the scope of this review. We have also reviewed progress made in addressing previous structured assessment recommendations relating to financial management. Our findings are set out below.

Financial performance – The Trust met its statutory duty to break even in 2016-17 and has improved its delivery of savings over the last three years, but the success of individual schemes is highly variable

The Trust met its statutory duty to break even in 2016-17 and is forecasting financial balance for 2017-18

47 There is a statutory duty for NHS Trusts to balance income and expenditure (break-even) on a rolling 3-year period, which the Trust achieved in 2014-15, 2015-16 and again in 2016-17. For 2016-17, the Trust's budget was £165 million and despite in-year forecast positions of a slight deficit, the Trust met its break even duty and actually retained a small surplus of £49,000 at year end.

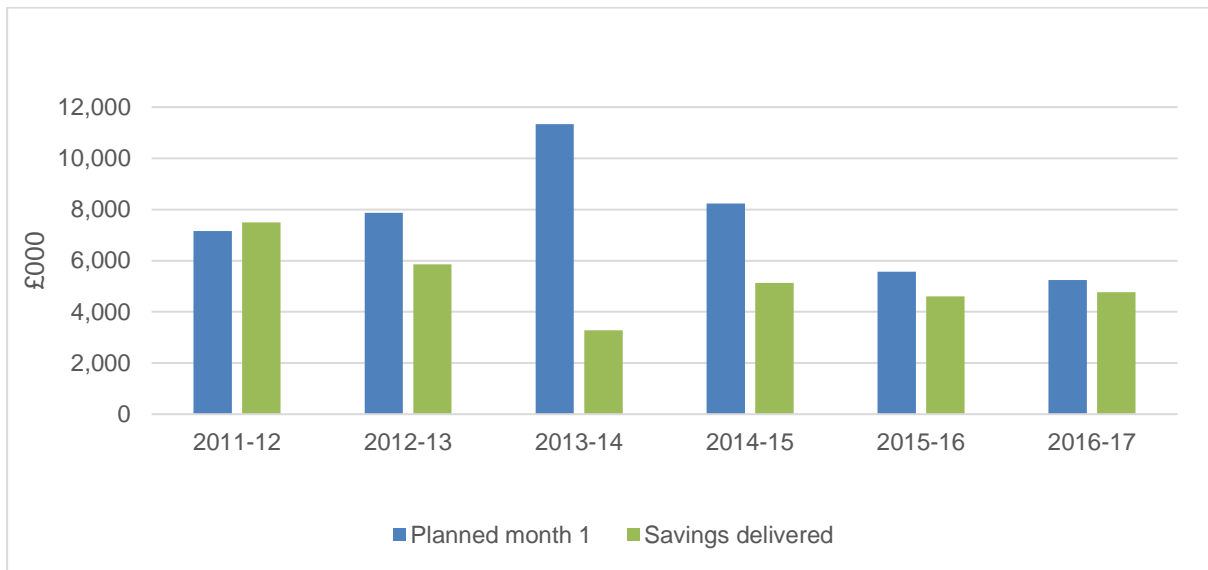
48 The Trust receives the vast majority of its income through a commissioning arrangement with the Emergency Ambulance Services Joint Committee (EASC). Funding for ambulance services is incorporated in the allocations made to NHS organisations by the Welsh Government. For 2017-18, the Trust's budget is £169.4 million. At month seven the Trust was reporting a small in-year deficit of £41,000, but this is improved from the £47,000 reported at month six and the Trust continues to forecast financial breakeven for year end.

The Trust's performance in delivering savings has improved over the last 3 years

49 For many bodies, growing cost pressures make it increasingly difficult to set a balanced budget, even with annual uplifts in funding. All Health Boards and Trusts in Wales have to identify savings if they are to spend within their revenue allocation. Between 2012-13 and 2016-7, the Trust has set savings plans targets amounting to £38 million, and actually achieved savings amounting to £23 million. Over the last three years, the Trust's savings targets have ranged between 3.1% and 4.1% of planned expenditure and the gap between planned and actual delivery of savings has improved year on year from 62% in 2014-15 to 91% in 2016-17 (Exhibit 2).

Exhibit 2: summary of saving scheme delivery

The chart shows the trend of achievement of saving schemes over the last six financial years. The blue columns show savings planned at the beginning of the year (planned at month 1) versus savings reported as delivered at the end of the year.



Source: Savings reported by the Trust in its monitoring returns to Welsh Government

While delivery of savings is improving, the success of individual schemes varied significantly

- 50 For the financial year 2016-17, the Trust agreed a savings plan of £5.2 million, which represented 4.1% of its planned expenditure of £152.4 million. The Trust identified 25 saving schemes to achieve this savings target (23 recurrent and two non-recurrent). The Trust achieved £4.7 million in savings by the end of 2016-17, which represents 91% of its savings target.¹
- 51 However, the success of individual savings plans varied significantly. Seventeen of the Trust’s savings schemes for 2016-17 under-delivered against planned targets by a total of £1.57 million. The overall savings achievement was due to the significant over-delivery of two schemes which provided an extra £1.1 million in savings. **Appendix 2** provides analysis extracted from the Trusts savings plan which details planned and actual performance against the individual saving schemes, indicating over and under-delivery.
- 52 The Trust reviewed the 2016-17 schemes which did not achieve their saving targets to determine whether to revise them for 2017-18 or close them. There can be a need to adjust savings schemes

¹ In addition to these savings, the Trust made a profit on the disposal of land. It was anticipating to raise £1 million but actually raised over £1.4 million. As this profit was not included in returns provided by the Trust to Welsh Government it has not been included in our analysis.

within year because of unforeseen circumstances and instead pursue alternative options. However, the scale of over and under-delivery in 2016-17 indicates that the Trust could further improve its savings planning and delivery arrangements.

- 53 For 2017-18, a financial savings target of £4.9 million has been set. At month seven, the Trust was reporting an under-delivery in its savings schemes of £210,000, with £2.64 million of savings delivered against a year-to-date target of £2.85m. This position reflects some slippage in savings performance compared to month six, where delivery of the total savings plan was £204,000 behind profile. However, the Trust has not altered its forecast of achieving overall financial balance at year-end.

Financial savings planning and delivery – The Trust has strengthened its savings approach and increased the level of recurring savings, but with increasing financial pressures more transformative schemes will be needed for a more sustainable long-term approach

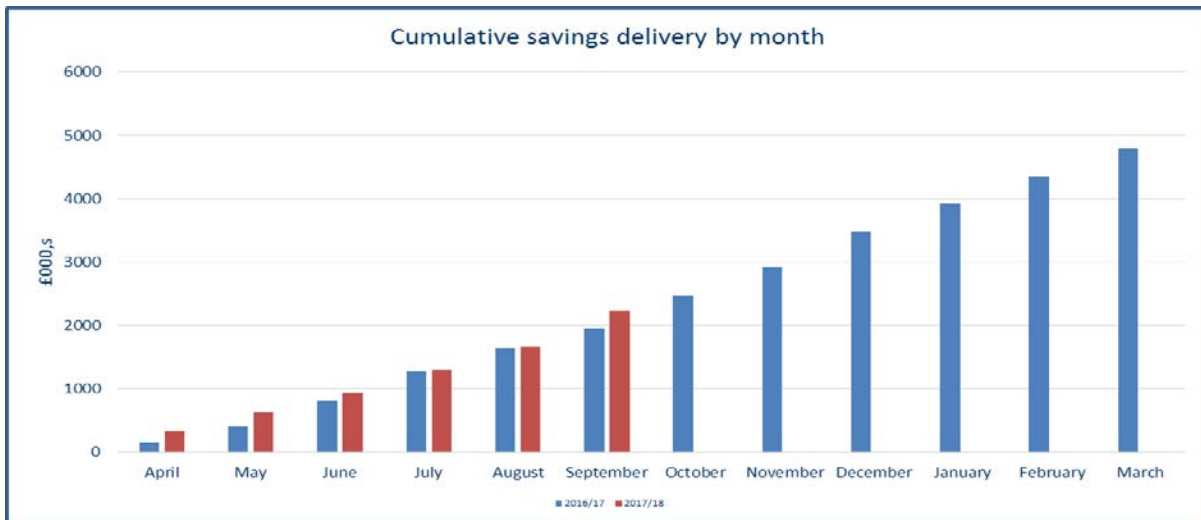
- 54 Traditional savings approaches across Wales have focussed on cost control measures, procurement savings, recruitment freezes and changes in staff skill mix or grade mix, to name a few. Once these approaches have been exploited, health bodies will be required to think differently, because cost-cutting approaches will have diminishing returns. This section of the report considers the corporate arrangements for planning and delivering savings. We have not reviewed the design, accountability, risks or performance of individual saving schemes.

The overall approach to savings has improved and there is good corporate support, but savings plans remain largely short-term and transactional

- 55 During 2016-17, there was notable involvement from a number of corporate services in the planning, monitoring and delivery of savings schemes. The Finance Department provided effective support in savings planning by issuing appropriate management information, providing training and engaging in the development of Local Delivery Plans (LDPs) and the Integrated Medium Term Plan (IMTP) through joint workshops with the Workforce and Organisational Development department. The savings approach required budget holders to develop savings plans and to be held accountable for their delivery. However, this bottom-up approach did not result in identifying and delivering long-term savings.
- 56 This year, the Trust is identifying and applying lessons learned from its past approach for savings planning. The Trust now groups major saving schemes into themes, supported by detailed plans that identify savings areas. This approach facilitates engagement across the organisation in the planning and delivery of savings. Local targets for savings for which budget holders are still accountable are in place but feed into the relevant saving scheme theme.
- 57 For 2017-18, the Trust has strengthened its approach to savings delivery. Each saving scheme theme is assigned to an Executive Director lead and a nominated Senior Finance Support officer. This approach has enabled a strategic focus on savings delivery with strengthened accountability and monitoring arrangements. **Exhibit 3** shows the Trust's performance with regard to savings delivery in 2017-18 compared to its performance in 2016-17. The graph indicates a stronger position in 2017-18, which reflects the improved arrangements for savings identification and delivery.

Exhibit 3: comparison of savings performance for 2016-17 and 2017-18

The graph shows the Trust's performance with regard to savings delivery in 2017-18 compared to its performance in 2016-17.

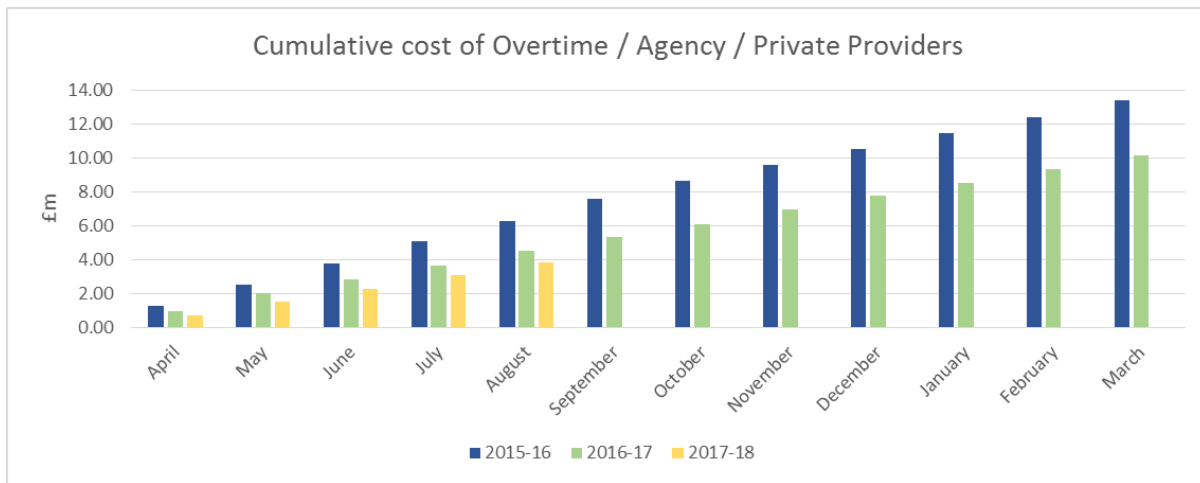


Source: Welsh Ambulance Services Trust

- 58 In 2017, the Partnerships and Engagement directorate introduced a 'Fiver a Day' campaign, designed to raise awareness among colleagues of how small changes can contribute towards the financial savings target. This approach is encouraging more conscientious behaviour towards using resources, as well as encouraging staff ideas about ways in which the Trust can become more efficient. Staff provided a number of suggestions during the campaign that the Finance Department aligned to specific savings schemes. The Executive Finance Group has agreed that there will be a refreshed campaign to support the savings plan for 2018-19.
- 59 The Trust's savings plans for 2016-17 and 2017-18 primarily focussed on operational and cost control schemes, for example, the reduction in agency, cost of overtime and the use of private providers. **Exhibit 4** shows the progress made in reducing the cumulative cost in these three areas over the 3-year period 2015-16 to 2017-18.

Exhibit 4: cumulative cost of agency, overtime and use of private providers

The graph shows the cumulative cost reduction for agency, overtime and the use of private providers over the 3-year period 2015-16 to 2017-18.



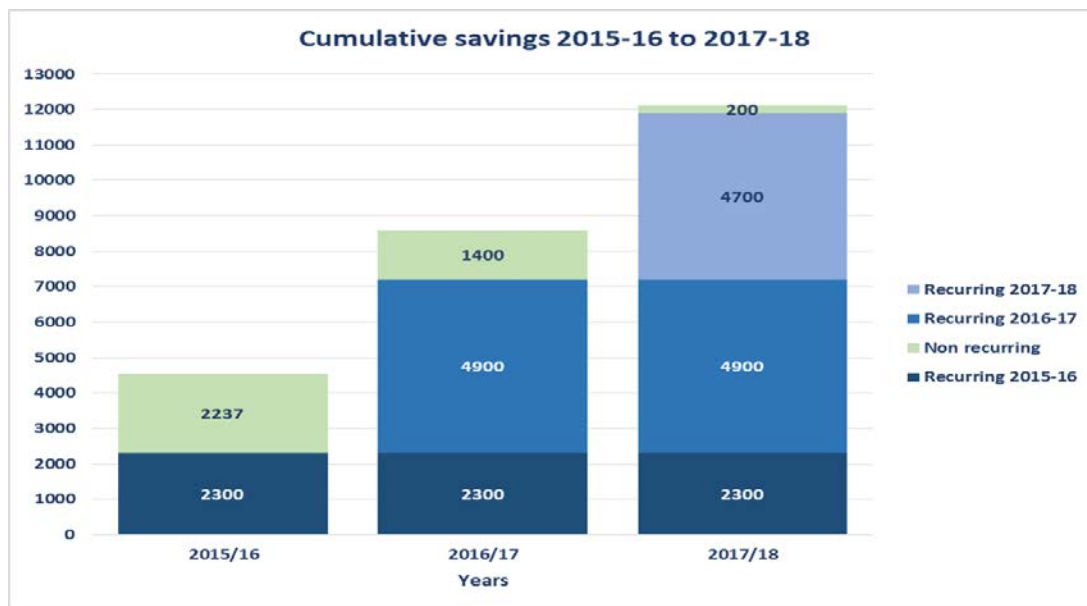
Source: Welsh Ambulance Services Trust

The Trust has reduced its use of non-recurrent savings, started developing its use of benchmarking and is building a more transformative approach to savings but there is more to do

- 60 The Trust has consistently reduced its reliance on non-recurrent savings over the last three years and remains committed to continuing this trend. Of the total 2016-17 planned savings, 71% were recurring. Exhibit 5 shows the cumulative savings associated with recurring and non-recurring savings between 2015-16 and 2017-18. The graph illustrates the Trust's reducing reliance on non-recurrent savings which ensures greater sustainability going forward.
- 61 However, during 2016-17, some recurring schemes took longer than expected to realise the savings, mainly due to longer lead in times than expected, for example, fleet savings linked to changes in servicing intervals were staggered in their implementation across Wales. This limited the level of savings that were achieved in 2016-17, but that are now being delivered. This example highlights some learning for planning and profiling similar future schemes in terms of projections for savings realisation.

Exhibit 5: reduction of non-recurrent savings 2015-16 to 2017-18

The graph shows the trend of the Trust's balance between recurrent and non-recurrent savings over the last three years.



Source: Welsh Ambulance Services Trust.

- 62 There are some examples where service modernisation is resulting in efficiencies and making a positive impact on savings, such as:
- engagement in system wide changes in line with the five-step Ambulance Patient Care Pathway.² Work in areas such as developing a community paramedic model has significant potential to create efficiency both for the Trust and the wider NHS in Wales.
 - the modernisation of Non-Emergency Patient Transport Services (NEPTS) provision across Wales, to make services more efficient and in turn better meet the needs of patients.
- 63 The Trust is also playing a key role in the Commissioner-led development of the NHS benchmarking toolkit for emergency ambulance services in Wales. This will involve working with the Commissioning team to develop this toolkit and consider how the Trust, alongside the commissioners, can benefit from the outputs. Both of these projects are identified as key deliverables in the Finance Local Delivery Plan. However, the Trust acknowledges that implementation is a long-term objective.
- 64 The Trust clearly recognises the benefits of service modernisation, not only for its financial position but also for patient care. However, with increasing financial pressures, the Trust needs to place stronger emphasis on rebalancing the level of short-term cost cutting schemes in its savings plans with those which identify and deliver more sustainable savings in the longer term. The Trust acknowledge that they have felt the need to commit to savings that can deliver quickly. A greater focus on recurring and more transformative schemes should reduce the budgetary pressure on the Trust in the long-term.
- 65 The Trust is taking positive steps towards a more transformative approach to savings. It is actively developing its knowledge by reviewing other approaches to savings management. It is engaged in the

² The five-step Ambulance Patient Care Pathway is a citizen-centred pathway which describes the five-step process that supports the delivery of emergency ambulance services within Wales, ranging from step one: help me to choose, to step five: take me to hospital.

NHS Wales finance academy Innovation Champions. It is also involved with the Association of Ambulance Chief Executives and National Finance Directors Group. The Trust undertakes internal benchmarking which has contributed to savings planning in areas such as sickness absence rates. This benchmarking information is used by the Trust to identify specific targets for different parts of the organisation, based upon an analysis of where savings opportunities exist.

- 66 Benchmarking externally has been difficult for the Trust as differences between the Trust and other ambulances services provided in England and Scotland make meaningful comparison difficult. However, the Trust is actively exploring benchmarking, costing and efficiency data to identify opportunities for cost improvements. It is also working with Health Boards to understand service model and resource impacts across the broader system, although this remains at an early stage. The Trust will need to develop this approach further if it is to better understand the extent of inefficiency within the organisation, rebalance the level of operational / cost-cutting savings schemes and identify more transformative and sustainable savings and opportunities.

Financial savings monitoring – The Trust has strengthened its accountability and monitoring arrangements, however, scrutiny of discrete savings plans lacks sufficient depth at committee level

Arrangements for accountability, monitoring and collective executive ownership of cost control and savings has been strengthened through the formation of the Executive Finance Group

- 67 The Trust's Local Delivery Plans (LDPs) for each of its departments and operational areas identify achievement of savings plans as a key deliverable, as does the organisation's IMTP. Finance work closely with individual budget holders and provide appropriate management information to facilitate effective monitoring of savings delivery against local targets at an operational level. Regular meetings are held where savings are discussed and actions plans generated to address particular issues.
- 68 The Trust's Executive Finance Group (EFG), formed during 2016-17 receive information on the progress of savings schemes through Savings Highlight Reports. The Director of Finance chairs the EFG. This new approach has strengthened accountability for delivery of savings schemes at executive level and facilitates cross-organisational dialogue on savings. Each Executive Director is a member of the EFG (with the exception of the Chief Executive) which enables all corporate services to be involved in the identification, planning and delivery of saving schemes.
- 69 One of the core purposes of the EFG is to review savings and sustainability throughout the Trust, specifically regarding:
- monitoring current savings plans and identifying further efficiencies;
 - consideration of risk management; and
 - proposals for investment and re-prioritisation of resources (and associated funding sources).
- 70 Alongside monitoring of overall cost control and budgets, staff feel that the EFG has provided more focus on savings schemes across divisions, particularly for large, higher-risk schemes. The EFG also encourages the executive team to work together to share resources and take collective ownership of financial savings and management. The focus provided by the EFG and engagement by finance at an operational level has strengthened an intelligence-based approach to the identification and allocation of savings. However, informal action notes from the EFG do not suggest that specific schemes are scrutinised to understand reasons for under-delivery against target (with the exception of travel and

subsistence). Attendance of Executive Directors has decreased since the formation of the EFG, with Executive Directors occasionally sending delegates in their place. There is a risk that lack of regular attendance by executive could affect the effectiveness of the group and undermine its intention of increasing the ownership of financial savings and spending by each director.

There is sufficient scrutiny of overall savings performance supported by good quality information but discrete schemes that are underperforming receive limited scrutiny at Board and Committee

- 71 The Board routinely receives updates on the Trust's overall financial performance, including savings delivery. The report includes a section on efficiency savings with a high-level summary of performance against the savings target and a summary of the savings plan. This report provides enough information to satisfy a general duty to oversee financial performance, but it lacks sufficient detail to enable the Board to challenge in depth. A review of Board minutes identified limited discussion regarding financial savings.
- 72 The Board delegates oversight of financial performance to its Finance and Resources Committee, which meets quarterly. The Committee receives a more detailed Savings Highlight/Delivery Report than the Board. The report includes information such as trend analysis and an overview of savings position by scheme. It also highlights risks, clearly identifies schemes that are under/overachieving and provides details against schemes at risk of under-delivery including mitigating actions.
- 73 The Saving Highlight / Delivery Report has been further refined during 2017-18 and includes information such as a Savings and Efficiency Quarterly Highlight Report overview which outlines each scheme by title / theme, financial performance overview, assessment of delivery (RAG Rating) and a narrative on progress, issues, risks and actions. This is also supported by the individual Savings Highlight Reports submitted by Executive Leads, which provides details regarding progress and specific actions in place to deliver savings for each scheme. These reports also demonstrate that the organisation is integrating the NHS Efficiency Framework into its savings planning and delivery.
- 74 A quality impact analysis forms part of the approach for savings planning which identifies any risks proposed financial savings could have on service performance or quality. We note that potential impact of savings on quality was raised in discussion on the Trust's proposed financial savings during a Finance and Resources Committee meeting in April 2017. However, there is limited reporting through the Savings Highlight/Delivery Reports of any risks that savings schemes could present for service performance and/or quality in-year. Non-Executive Directors may find it helpful to have oversight of any emerging risks of financial savings within the financial year, if and where relevant.
- 75 The quality of financial information provided does support scrutiny and the Board and Finance and Resources Committee do monitor overall savings performance. However, at a committee level, given the frequency of the meetings and extensive agenda, it is difficult to scrutinise savings in detail. A review of the minutes of the Finance and Resources Committee identified that it undertakes a high-level review of savings. However, there is limited scrutiny of savings schemes that are under achieving and the Committee does not develop or monitor specific actions to address highlighted risks.

Progress in addressing previous financial planning and management recommendations – The Trust is taking steps to address previous recommendations relating to the savings plans and asset management controls, but there is more to do

76 In 2016, we made the following recommendation relating to financial management. [Exhibit 6](#) describes the progress made.

Exhibit 6: progress on 2016 financial management recommendations

The table describes the progress made against 2016 recommendations relating to financial management.

2016 recommendation	Description of progress
<p>2016 R1</p> <p>To ensure effective delivery of savings plans, develop more detailed delivery plans to support cost improvement programmes.</p>	<p>Complete.</p> <ul style="list-style-type: none"> The approach to savings planning in 2017-18 was to consolidate the major schemes by theme. There are detailed plans that recognise how a number of individual schemes contribute to a particular theme.
<p>2016 R2</p> <p>To strengthen asset management controls, address the required improvements identified in the Wales Audit Office accounts report and Final Accounts Audit Memorandum (FAR).</p>	<p>On track, but not yet complete.</p> <ul style="list-style-type: none"> The Trust has made progress in strengthening its asset management controls, although a number of issues remain and some further issues were identified through this year's accounts work. These were reported in the 2016-17 Final Accounts Memorandum and are further detailed under 'estate and asset management' later in this report and summarised in Exhibit 11.

Governance and assurance

While the Trust continues to strengthen its planning and governance arrangements, it would benefit from increasing the pace of change in some key areas

77 Our structured assessment work in 2017 has examined the Trust's arrangements for planning, the effectiveness of the governance structures, the development and review of its Board Assurance Framework (BAF), information governance and performance management arrangements. We have also assessed progress against recommendations and improvement issues raised in 2016. Our findings are set out below.

Strategic planning – The Trust’s approach to strategic planning continues to mature and it is developing its long-term strategy and its approach to strategic change management

78 The findings underpinning this conclusion are based on our review of the Trust’s approach to strategic planning, the arrangements that support delivery of strategic change programmes underpinning the IMTP and strategic plan monitoring and oversight. We have also considered the progress made in addressing last year’s recommendations relating to monitoring and reporting on Integrated Medium Term Plan (IMTP) delivery. Our key findings are set out below.

The Trust has an approved IMTP and has strengthened its planning approach and executive oversight

79 Welsh Government approved the Trust’s IMTP for a second consecutive year in 2017-18. The Trust developed its 2017-20 IMTP in accordance with NHS Wales Planning Guidance. The IMTP was approved within the required timeframe and was not subject to any approval conditions by Welsh Government.

80 The 2017-20 IMTP details what the Trust did during 2016-17 to achieve its objectives, and its planned actions over the next three years. The Trust has learnt from previous experience and strengthened its approach to developing its IMTP for example:

- by reducing the number of actions from 154 in the 2016-19 plan, to 48 in the 2017-20 IMTP, enabling the Trust to better manage and monitor each action;
- by introducing a planning partner model to support Heads of Operations and Corporate Departments to plan their Local Delivery Plans (LDPs) more strategically, which later informed the overall IMTP 2017-20;
- by working to the principles of the Collaborative Commissioning Framework Agreement (CQDF) during early development of LDPs, and ensuring alignment between commissioning intentions and the IMTP once commissioning intentions became available; and
- by ensuring continuity in the pursuit of its strategic objectives by opting to ‘refresh’ and strengthen its IMTP each year as opposed to developing a distinctly different Plan.

81 An Internal Audit report on strategic planning, issued in February 2017, also provided reasonable assurance regarding the Trust’s approach. The report noted that the Trust has a good bottom-up approach to strategic planning through its Local Delivery Plans (LDPs) and good communication with partners.

82 The Trust has also strengthened its approach for monitoring and scrutinising delivery against the 2017-18 IMTP. The EFG are now responsible for monitoring financial aspects of the IMTP, while the monthly executive IMTP Delivery Assurance Group (iDAG) has oversight of all actions within the IMTP, not simply those that relate to strategic change programmes as was the case last year. In 2016-17, the Trust completed 76% of its planned actions during the year, with only 3% categorised as not complete. The remaining 17% of actions were re-programmed into 2017-18; and 4% were re-assessed as no longer needed.

83 During structured assessment 2016, we commented that the Trust would need to consider how it complies with the requirement for sub-committee oversight of the IMTP, as detailed within NHS Planning Guidance 2016. Due to the challenges of the quarterly cycle for Board and Committee meetings, the Trust has decided to keep scrutiny of IMTP at Board level, with further monitoring taking

place through other means, such as Executive Director briefings for Board members. The current arrangements are adequate and staff feel they are proportionate the current needs of the Trust. However, more regular formal scrutiny of strategic delivery may be required as the Trust implements its longer term strategy and as its strategic change programme become more ambitious.

- 84 **Exhibit 7** summarises the progress made in addressing the recommendations we made in 2016 relating to monitoring and oversight of the Trust’s IMTP.

Exhibit 7: progress on 2016 strategic planning recommendation

The table describes the progress made against 2016 recommendations relating to strategic planning.

2016 recommendation	Description of progress
<p>2016 R3 To strengthen arrangements for monitoring IMTP delivery:</p> <p>a. Give broader consideration of IMTP progress through the IMTP Delivery and Assurance Group (iDAG), in addition to monitoring of strategic change programmes.</p> <p>b. Confirm whether scrutiny of IMTP delivery is to remain a function of the Board or to be supported through committee arrangements.</p>	<p>Complete.</p> <p>a. The Trust has strengthened its approach to monitoring actions within the IMTP for 2017-18. The Delivery Assurance Group (IDAG) tracks all 48 actions identified within the IMTP, along with performance ambitions, on a monthly basis, and provides a quarterly report to the Executive Team and Board.</p> <p>b. The Trust has confirmed that scrutiny of IMTP delivery will remain at Board level and is considered each quarter.</p>

The Trust is developing its long-term strategy and its approach to strategic change management

- 85 In addition to its 3-year IMTP, the Trust is currently developing a long-term strategy for 2017-2030. This Strategic Statement of Intent details how the Trust can achieve its long-term vision of becoming a truly clinical service: making best use of technology, research and partnership working to provide services for patients.
- 86 A steering group, which includes both Executive and Non-Executive Directors, has been established and is responsible for developing the Trust’s long-term strategy. The strategy is being informed by engagement with staff, partners and the public, and the group is currently analysing the information received from its engagement activities. The intention is to publish the long-term strategy in March 2018, providing the direction for developing a re-refresh of the Trust’s IMTP each year.
- 87 The Well-being of Future Generations Act (Wales) 2015 sets out how 44 specified public bodies in Wales must work, and work together, to improve the well-being of Wales. It aims to improve their decision-making by ensuring they carry out ‘sustainable development’ including setting well-being objectives and pursuing their achievement. While the Trust is not one of the specified public bodies covered by the Well-being of Future Generations Act (Wales) 2015, it has expressed an intention to adopt its principles and maximise opportunities to contribute towards the setting and meeting of well-being objectives.

- 88 While the Trust is demonstrating positive ambition in developing a long-term vision for its service and committing to adopting the principles of the Well-being of Future Generations Act (Wales) 2015, it must be mindful of the need for sufficient planning, change and programme management capacity and capability to successfully deliver its ambitions.
- 89 The Internal Audit review of strategic planning referred to in [paragraph 81](#), highlighted the need to review capacity in some corporate functions, such as planning, noting that the principal risk to the delivery of the IMTP is the tendency for day-to-day pressures to subsume strategic change programmes. While a review of planning capacity is yet to take place, the Trust acknowledge that capacity sometimes affects their ability to support strategic change at sufficient pace.
- 90 During structured assessment 2016, we commented on the Trust's approach to strategic change and the challenge that available programme management resource presented. The planning department had detailed its intention to develop existing programme management skills within the organisation while developing the capacity to establish a formal programme management office. While the Trust recognises that it has made less progress than planned, it is currently establishing an Improvement and Innovation Network. It is also developing a framework for better supporting projects, with improvement toolkits for staff, and leadership development programmes for senior and middle managers. The Trust is also exploring other opportunities to improve strategic change and programme management, including:
- working with external partners: such as joint working with Local Health Boards, industry organisations and universities; and
 - maximising internal resource: greater use of the programme management skills in the capital estates team, and is currently consulting on proposals to bring capital estates into the planning department.

Organisational structure – The Trust is strengthening the structure of its clinical and operational departments, but building capacity in corporate functions remains a challenge

- 91 During 2017, the Trust has restructured its operations and clinical departments leading to a number of changes in its organisational structure intended to support better regional working, greater clinical focus and clearer accountabilities. The restructure within the operations department moves from seven heads of operations reporting to the Director of Operations, to seven operational managers reporting to three regional managers in order to encourage staff to work across Health Board boundaries.
- 92 The Trust has also established clinical leads within the clinical department for each region in Wales, to encourage shared working across Health Board boundaries. This change is also intended to create capacity and expertise to support the Trust to become more clinically focussed, and be able to use the data the Trust have access to in order to make positive changes. Also, the change in arrangements aims to create better accountability and capacity within the Clinical Team Leaders (CTLs) roles. While the Trust was yet to fill some new posts at the time of fieldwork, changes to the structure in these key operational areas are highly supported by the Trust's Executive and Non-Executive Directors.
- 93 New posts within corporate functions, such as Business and Project Support posts and the appointment of a Datix administrator, have also extended the Trust's capacity. However, the capacity of corporate functions in general, particularly planning, IT and informatics, remains a challenge. This was highlighted by the recent Internal Audit report on strategic planning as well as evidenced in

slippage against some IMTP actions during 2016-17, and a further action during Quarter 1 of 2017-18. The capacity challenge for the informatics team in supporting modernisation programmes is discussed in [paragraph 89](#).

- 94 The Trust has reported that it plans to review its back office functions during 2018 and this review should provide an opportunity for the Trust to identify and make plans to address capacity needs in some specific back-office functions.

Board and committee effectiveness – Board and committee meetings are generally effective and open, however the Trust must maintain pace in strengthening several areas of governance

- 95 The findings underpinning this conclusion are based on our review of the effectiveness of the Board, its governance structures and internal controls. Our key findings are set out below.

The overall operation of the Board is effective and mechanisms for board development continue to evolve, but improving the accessibility of some key documents on the Trust's website remains an outstanding action

- 96 Board meetings continue to operate effectively and meet all formal procedural requirements. Annual reporting requirements were met within the required timeframe and Board and committee agendas and minutes are published on the Trust website. However, our structured assessment 2016 report highlighted that some items (the annual plan of Board business; citizen engagement plans; and complaint/concerns raising policy) were not easily accessible on the Trust's website in accordance with the requirements of the Welsh Health Circular (2016) 033. Further review as part of this year's work shows that this has still to be addressed.
- 97 The Board have not completed a self-assessment governance and accountability module since 2015-16 due to members feeling that the module offers limited value. The Board has instead been working with Academi Wales during 2016-17 to develop a bespoke training model to implement in early 2018. In September 2017 the Board approved its 12-month Board Development Programme. The programme includes assessments and sessions to look at individual, team and organisation elements of development and to identify the training needs of both Non-Executive and Executive Board members. The Trust also identifies any development needs for Board Members through annual performance and development reviews (PADRs).
- 98 The Trust has had a relatively stable cadre of Non-Executive Directors since the formation of the current Board membership in 2014, with only one of its Non-Executive Directors replaced during 2016-17. However, the current Trust Chair is leaving the Trust at the end of the 2016-17 financial year. The Trust is confident that this change does not present a risk with regard to the Trust's journey of improvement and has taken steps to work with Welsh Government regarding the appointment process and continuity of leadership.
- 99 During structured assessment 2016, we commented on the Trust's matrix model, which links Non-Executive Directors with Executive Directors, operational units and health boards. These arrangements have a number of benefits including developing and strengthening the knowledge and understanding of Non-Executive Directors with their linked areas and encouraging positive relationships between the Trust and health board areas across Wales. We noted, however, that the Trust needed to ensure that the model mitigated any independence risks in the long-term and that it

ensured that specific skills of individual Non-Executive Directors are accessible across the organisation's operational units. We found no indication of independence conflicts during this year's work and the staff and members we spoke to praised the model. However, the Trust will need to remain alert to potential longer-term independent risks and the options for mitigating these risks, such as rotational arrangements.

- 100 The Board and its committees each meet on a quarterly basis. While the Trust feels this is proportionate to the resource available to administer meetings, the frequency of meetings does pose a challenge in terms of ensuring timely decision-making and scrutiny throughout the year. The Trust addresses this challenge by supplementing Board and committee meetings with Board Development Sessions and special meetings. Non-Executive Directors also receive information relating to the Trust operations, risks and performance in between meetings through regular Executive Director update briefings.
- 101 The Board is committed to transparency in the conduct of Board and committee business. The Trust has responded to comments made in our structured assessment 2016 to provide greater clarity on the rationale for open and closed agenda items. During Board meetings, the Chair provides a verbal summary on the closed session and a rationale as to why they discussed items in private. It will be important to keep the balance of open and closed agenda items under review, to ensure transparency is maintained whilst protecting sensitive information. More generally, during Board and committee meetings, we observed open discussion with good questioning and challenge.

The Trust's committees are well structured and generally effective

- 102 During 2017, Internal Audit reviewed the roles and responsibilities of the Trust's committees, and their operation. They concluded that the Trust's committees are well structured and documented, well run, and have good corporate support from the Trust's Governance Team. The report made several minor recommendations in relation to the Audit Committee and recommended that committees undertake a self-assessment and ensure that there were no gaps in assurance. In response to the report, two of the Trust's three main committees have undertaken a self-assessment during 2017 and the Audit Committee is planning its self-assessment of committee effectiveness. The Trust had also planned a visit to the South Western Ambulance Service during late 2017 to compare the role and remit of its Audit Committees.
- 103 There has been a change in Audit Committee Chair during 2017. The Committee and its meetings continue to be generally effective, with a work plan and action log in place and some important improvements made during the year. Most significantly, this includes new arrangements to seek executive attendance as part of holding to account arrangements, particularly when limited assurance audit reports are received or the pace of change appears slow. There have also been further improvements to the audit recommendation tracking information received by the Committee, discussed further in [paragraph 108](#). However, we noted that our 2016-17 final accounts memorandum and associated management response was not included on the December Audit Committee agenda as a discrete item. Whilst considered at Committee, formal agendas should consistently reflect all items that have been received for scrutiny.
- 104 In October 2016, the Trust established a Quality Steering Group (QSG) to support the Trust in improving patient safety and clinical outcomes; service user and carer experience; and staff experience, safety and welfare. The Group reports to the Quality, Patient Experience and Safety

Committee providing assurance to the Committee from the work of the various management sub-groups that underpin quality and safety arrangements. The Group also reports to the Trust's Executive Management Team. This has been an important step forward in mapping quality and clinical assurance. The Trust will be progressing this work further in 2018 by mapping the sub-groups for areas of the organisation which represent the most risk, and this includes Information Technology. This work will be crucial in enabling the Trust to draw on necessary and relevant information and assurances to make informed decisions and provide sufficient scrutiny.

- 105 As we discussed in [paragraph 75](#), there are opportunities to strengthen the scrutiny of underperforming savings schemes at the Trust's Finance and Resources Committee. While a review of the minutes of the Finance and Resources Committee identified that it undertakes a high-level review of savings, there are opportunities for the Committee to apply greater scrutiny of savings schemes that are under achieving and develop and/or monitor specific actions to address highlighted risks.

[The timeliness and quality of Board and committee papers has improved but continued focus is needed to strengthen assurance reporting and ensure minutes sufficiently evidence discussion](#)

- 106 There has been some improvement in terms of the timeliness and quality of committee papers during 2016-17, although we continue to observe instances of late papers. Continued ownership by all Executive Directors in the submission of papers is needed to ensure that committee agendas and work programmes are not disrupted because of late papers and that those committee members have sufficient time to review all information in advance of meetings. Given that Board and Committee meetings are quarterly, it is even more important that papers are timely and of a high quality and are assurance-focussed. We are aware that the Trust is maintaining a focus on the quality of papers although we observed some opportunities for the Trust to improve papers further, including:
- ensuring papers are more "assurance focussed", highlighting to members any particular risks they should consider, or the level of assurance that risks are being mitigated: the reporting checklist is a helpful tool for capturing this information, but it is not included or completed consistently;
 - being more consistent in capturing the important discussion points in minutes: currently some minutes only capture actions, not recommendations and do not consistently evidence scrutiny or discussion; and
 - ensuring the Board regularly receives the minutes of the Emergency Ambulance Services Committee (EASC).

[The Trust has made recent progress in reviewing and improving its audit recommendation tracker and work to further strengthen arrangements is continuing](#)

- 107 The findings underpinning this conclusion are based on our review of internal control arrangements. In addition to reviewing the actions taken to address our 2016 structured assessment recommendations, we also considered the effectiveness of the Trust's arrangements to manage and respond to our audit recommendations. Our key findings are set out below.
- 108 The Audit Committee considers a tracking report reflecting the status of internal and external audit recommendations at each of its quarterly meetings. During structured assessment 2016, we made a

number of observations relating to the Audit Committee recommendation tracker such as the fact that a number of actions had been on the tracker for a substantial amount of time, as well as the absence of a high-level overview to accompany the tracker for Audit Committee meetings. The Trust has taken steps to address these issues during 2017.

- 109 A group of Non-Executive and Executive Directors have reviewed the purpose and ownership of the tracker as a management tool, as well as the actions included on the tracker. As a result, a number of actions that were no longer relevant or had been completed but not closed have been removed. The Trust is currently developing a high-level overview report of the detailed tracker for the Audit Committee, to highlight the number of recommendations complete, ongoing or overdue. This is a positive step forward and should better support the Audit Committee's oversight and scrutiny of progress, pace of change and actions that are not on track.
- 110 While we recognise these improvements, the Trust acknowledges that there is more to do and we note further opportunities to improve the recommendation tracker. The detailed management tracker does not always record the outcomes of specific actions and how they relate to a recommendations, for example, where the action to respond to an audit recommendation is to review a particular area of or function of the organisation. Providing Committee members with a description of the outcome of that review and how it addresses the initial recommendations before closing the action would be more transparent and provide greater assurance.

The Trust has strengthened important aspects of internal controls such as clinical audit and counter-fraud services but must maintain pace in completing its update of standing orders and policies

- 111 Internal Audit is a key component of the Trust's internal controls and the work programme, reported through the Audit Committee, continues to be well structured and comprehensive. Counter fraud arrangements have been strengthened with a new counter fraud officer appointment increasing the capacity to investigate and more proactively reduce the risk of fraud.
- 112 The Trust has also made changes to the clinical audit and effectiveness programme, bringing both functions together for the first time. In 2016, the clinical audit programme saw significant slippage and a number of clinical audits did not take place due to long-term staff sickness. The Trust has recently reviewed the clinical audit programme and strengthened the arrangements for proposing items for clinical audit. The process for selecting items for audit is now risk-based. The Trust's Executive Management Team reviews bids and the Trust's Quality, Patient Experience and Safety Committee monitor the progress of audits throughout the year.
- 113 During December 2016, the Trust acknowledged that it had inadvertently breached its Standing Orders, and began working to review them. Minor changes to scheme of reservation and delegation of powers (standing orders) were completed in January 2017 and the Trust established a small task and finish group to undertake a more thorough review, which was due to report in July 2017. The review has included an assessment of the Standing Financial Instructions and incorporated changes to the Terms of Reference for two of the Trust's main committees following self-assessments conducted during 2017. However, The Trust has had slippage in agreeing changes to its standing orders and work was ongoing at the time of our fieldwork.
- 114 The Trust has been successful during 2016-17 in developing a Policy for the Development, Review and Approval of Policies to clarify its arrangements for reviewing, updating and approving the policies

in place across its departments. The Board approved the policy in July 2017. The policy defines the seven stages of developing or reviewing a policy and the Trust has set up a central policy register database for the storage of policies. Staff we spoke to praised the policy but were aware that the work to review, update and store all policies currently out-of-date policies is substantial and may take several months. The Trust is currently working to map which committees should be responsible for the review of each policy, and maintaining pace in progressing this work will be key.

115 This year, our audit work included a review of the Trust’s controls and procedures to gain assurance that related party disclosures provided by Non-Executive and Executive Directors are complete and accurate. We identified a number of areas for improvement, for example, identifying that the Trust’s policy should provide more clarity about the type of relationships that Non-Executive and Executive Directors should declare. We reported this information in the Final Accounts Memorandum.

Improvements which strengthen governance arrangements have been made but the Trust needs to maintain pace to complete some important outstanding actions

116 In 2016, we made the following recommendations relating to board effectiveness, governance structures and internal control. **Exhibit 8** describes the progress made.

Exhibit 8: progress on 2016 recommendations relating to board effectiveness, governance structures and internal control

The table describes the progress made against 2016 recommendations relating to to board effectiveness, governance structures and internal controls.

2016 recommendation	Description of progress
<p>2016 R4: To further enhance Board and committee governance arrangements and internal controls:</p> <ul style="list-style-type: none"> a. Ensure that receipt of committee papers is consistently timely. b. Define criteria for what constitutes open/closed meeting agenda items. c. Develop more consistent use of self-assessment as a tool for reviewing the effectiveness of committees, as well as the Board. d. Complete the mapping of management sub-groups and the flow of assurances to the Quality, Patient Experience and Safety Committee. e. Develop the counter-fraud service so that it can robustly investigate and more proactively reduce the risk of fraud. 	<ul style="list-style-type: none"> a. On track, but not yet complete. While there is some visible improvement, committee papers are still occasionally late and occasionally contain errors/draft notes. b. Complete. The definition between open and closed session at the Board is now clear. The Chair provides an explanation during each meeting of what was discussed and why it was done in closed session. c. On track, but not yet complete. Two of the three main committees have completed self-assessments in 2017, with a more in-depth review planned for the Audit Committee. d. Complete. The Trust has developed a quality steering group to provide assurance to the Committee from the work of the various management sub-groups that underpin quality and safety arrangements.

2016 recommendation	Description of progress
	e. Complete. A new counter-fraud officer is recently in post and the service strengthened as a result.
<p>2016 R5: To strengthen monitoring and scrutiny of progress against audit recommendations:</p> <p>a. Ensure the tracker tool includes all audit recommendations.</p> <p>b. Consider use of summary information and broader executive attendance at Audit Committee to enhance scrutiny of progress.</p>	<p>Complete.</p> <p>a. Complete. During 2017, the Trust reviewed actions on the audit recommendation tracker and removed a number of those that were out-of-date.</p> <p>b. Complete. The Trust has recently introduced a high-level overview of recommendations to its recommendation tracker. Audit Committee have now asked that management attend the Committee when reports of limited assurance are presented.</p>
<p>2016 R6: To ensure all prescribed information is publically accessible, assess the content and accessibility of the Trust website to confirm that the requirements of the Welsh Health Circular (2016) 033 are being fully met.</p>	<p>Not complete.</p> <p>Findings for 2017 showed little difference to our assessment in 2016.</p>
<p>2016 R7 To ensure clear and up to date Trust policies and procedures are in place:</p> <p>a. Develop a 'policy on policies' specifying the agreed process for reviewing, updating and approving policies.</p> <p>b. Complete the review, updating and approval of key policies which are currently out of date, including information security policies and ICT standard operating procedures.</p>	<p>On track, but not yet complete.</p> <p>a. Board approved 'Policy on Policies' in July 2017 and have set up a database to store all policies.</p> <p>b. The Trust is working through out-of-date policies, eg the Board approved the updated Data Protection Policy in December 2016. However, they acknowledge that reviewing all its out-of-date policies will take a significant amount of time.</p>

Risk management and board assurance – The Trust continues to embed its new risk management strategy and continues to develop its recently approved Board Assurance Framework

- 117 The findings underpinning this conclusion are based on our review of the effectiveness of risk management arrangements and progress in addressing previously identified improvement issues relating to risk management and board assurance. Our key findings are set out below.
- 118 The development of a robust Board Assurance Framework (BAF) was a key recommendation of our structured assessment in 2015. During 2016, we reported that the Trust had put in place important building blocks to underpin the development of a formal Board Assurance Framework. After discussing

options for the format of its Board Assurance Framework during Board development days in 2016-17 and during its March and July meetings, the Board approved its Framework in September 2017.

- 119 The original target date for approving its Board Assurance Framework was March 2017 and it therefore has taken longer than anticipated. However, the Trust purposefully decided in 2017 to take a more measured approach to the development of the BAF. This was to ensure that board members were involved and engaged in the process of developing the BAF and to ensure that the BAF aligns to, and supports the delivery of, the Trust's strategic aims as much as possible. The Trust feel that the approved BAF provides a strong starting point and that it will need to continue to be developed and adapted to the needs of the Trust.
- 120 Assessment against our review of BAFs in place across NHS bodies in Wales, shows that the Trust's documented BAF covers a range of relevant information, but that it could be strengthened in several areas, such as:
- greater detail in describing the threats to achieving strategic objectives and their outcomes;
 - identifying and stating the specific controls and assurances for the BAF, for example, detailing what clinical audit will provide assurance as opposed to assigning assurance to 'clinical audit' in a general sense; and
 - assigning oversight of each identified risk to corporate objectives and the associated controls to a designated committee for scrutiny.
- 121 The Trust approved its Risk Management Strategy in March 2016 and has since been working to embed the strategy. The Trust's vision is to progress from being a 'risk aware' organisation in 2015-16 to a 'risk enabled' organisation in 2018-19. Directorate Business meetings undertake monitoring and oversight of the corporate risk register and the Trust's Executive Management Team and Audit Committee reviews the corporate risk register each quarter. During 2017, the Trust has been working to improve the consistency of risk identification and management through two new groups:
- a Risk Register Advisory Group monitors the Risk Assessment process to drive consistency in risk scoring and monitoring. The Group also reviews the Risk Register following quarterly Performance Reviews and provides feedback and challenge, and supports Executive Directors in strengthening the risk maturity process.
 - a Risk Management Development Group to build skills and capability for effective risk management across the organisation, with membership comprised of a nominated lead for each directorate.
- 122 The Trust intends to use the quarterly review of its corporate risk register to inform and improve the BAF, ensuring a top down and bottom up approach to risk management and identification of controls. The corporate risk register scores risk against a consequence x likelihood matrix and gives each risk a score out of a maximum of 25, with risk reports to Board / committee including those risks that score above 15. The register also provides a target rating against each risk, the performance of the risk throughout the year and commentary on mitigating actions.
- 123 In addition to strengthening its arrangements to score and monitor risks, the Trust continues to manage and reduce its key risks. At the end of Quarter 4, 2016-17 the Trust de-escalated five risks and removed six risks from its corporate risk register; it also added two new risks and escalated one further risk. As of August 2017, there were 23 strategic risks scoring 15 or more with 2 scoring 20. The

highest scoring risks at that time were in relation to resource to implement the Trust's Mental Health Improvement Plan and the Emergency Services Mobile Communications Programme.

- 124 The Trust's Board Development sessions during 2017 have had an increased focus on risk. Staff we spoke to recognised that risk has become increasingly more visible in strategic and operational conversations as the Trust continues to embed the Risk Management Strategy.
- 125 In May 2017, the Emergency Ambulance Services Committee published a Clinical Risk Assurance Review, which was guided by the Core Requirements of the National Collaborative Commissioning: Commissioning, Quality and Delivery Framework. The report made a number of recommendations in areas relating to each of the Framework's six core requirements. They highlighted lack of discussion at Board about the risk maturity of the organisation during 2016 and the need to ensure mitigating actions meet risk target scores, where possible. The Trust has responded to a number of recommendations with progress tracked through the Quality, Patient Experience and Safety Committee.
- 126 In 2016, we made the following recommendations relating to risk management and board assurance. **Exhibit 9** describes the progress made.

Exhibit 9: progress on 2016 risk management recommendations

The table describes the progress made against 2016 recommendations relating risk management.

2016 recommendation	Description of progress
<p>R9: To fully address previous structured assessment recommendations for strengthening board assurance by the intended date of 31 March 2017, maintain pace to:</p> <ul style="list-style-type: none"> a. Fully implement the risk management framework and consistent application of risk scoring. b. Complete board assurance mapping and the documenting and approval of the Board Assurance Framework. 	<p>On track, but not yet complete.</p> <ul style="list-style-type: none"> a. On track, but not yet complete. The Trust continues to implement its new risk management strategy. The Trust set up groups to strengthen the oversight of the Risk Management Strategy (2016-19) and improve consistency of risk scoring and to build capacity across the organisation to manage risk effectively. b. Complete. The Board approved the Board Assurance Framework in September 2017. It will be managed by the risk management development group and owned by the Audit Committee.

Information governance – The Trust is taking steps to strengthen information governance and achieve compliance with the requirements of new legislation by May 2018 but has more to do

- 127 The findings underpinning this conclusion are based on our review of the effectiveness information governance arrangements. Our key findings are set out below.
- 128 The Trust has a Caldicott Guardian and SIRO in place, their compliance with C-PIP has improved and they are now achieving a five star rating. The Trust is engaging in the NHS Wales Information

Governance networks to ensure the synergy of needs in responding to the requirements of the General Data Protection Regulation (GDPR) are discussed and monitored. A paper outlining the requirements GDPR was presented to the Executive Management Team in April 2017 and the Quality, Patient Experience and Safety Committee in September 2017. The paper provided an update on and raised awareness of GDPR. The Trust is also producing internal communication notices for staff to inform them of the new requirements.

- 129 The Trust is eager to become compliant with the GDPR regulations, and has expressed confidence that it will meet the requirements by May 2018. The Trust has established a discreet GDPR work stream which is monitored and reported through the Trust's LDP/IMTP quarterly review arrangements. However, our review of the Trust's Health Informatics LDP Programme tracker as of October 2017 showed an action relating to gaining greater understanding of the impact of the European Commission Directive and the UK Bill relating to GDPR, which suggests there is more to do before the regulations come into force.
- 130 During 2016-17, the Trust had 16 Information Governance incidents, however, none were categorised as serious enough to report to the Information Commissioner's Office (ICO). The requirements of GDPR will be more stringent, and the Trust may need to report incidents not previously considered serious enough for reporting within the tight deadlines of the new regulations.
- 131 The Trust is aware of the need to have up-to-date policies in preparing for the requirements of GDPR and has recently begun to review its Information Governance policy framework. At the time of fieldwork, while the Trust has an updated and approved Data Protection Policy, a number of other information security and information governance policies remained out of date. The Trust has expressed confidence that these will be reviewed by May 2018 to ensure the it is not at risk of non-compliance and receipt of significant fines from the ICO in the event of a data breach.
- 132 The Trust reports that it has an information asset register, however this was not included in the minutes for any of the Trust's committees during 2017. There is an Information Governance and Information Technology group that is responsible for overseeing the role of these functions in supporting the Trust to modernise and achieve its aims. However, there has been a lack of clarity about which committee this group reports and escalates issues through. This year the Trust has recognised this and the Quality, Patient Experience and Safety Committee discussed the profile of information governance in September 2017. In November 2017 the Committee confirmed it will be responsible for information governance to ensure risks and issues are widely understood and appropriately addressed and that the Trust is prepared for the new legislative requirements of GDPR.

Performance management arrangements – Performance monitoring arrangements are well developed and continue to strengthen, and with good performance against red calls, the Trust is focussing on amber calls

- 133 The findings underpinning this conclusion are based on our review of the effectiveness of performance management arrangements. Our key findings are set out below.
- 134 The Board approved the Planning and Performance Framework in June 2016. It requires the Trust to present an Integrated Quality and Performance Report (IQPR) to the Finance and Resources Committee and the Board, at quarterly meetings. The IQPR includes a range of performance data, including the latest Ambulance Quality Indicators (AQIs), although the quarterly timing of the release of AQI data and quarterly Board and committee meetings means the report often includes data from

several months before. Internal Audit reviewed the Trust's performance management in May 2017 and noted that the IQPR and covering report are extensive but that the message is not always clear.

- 135 The Trust has taken recent steps to improve the format and presentation of its IQPR, as it now includes a dashboard, more graphs and visual information and detailed improvement actions. There are further plans to streamline the IQPR and improve its clarity following the Chief Ambulance Services Commissioner's current review of AQIs. The Trust is also in the process of developing a live electronic dashboard, called Clicksense, which will enable them to analyse and interpret data in a quicker and more meaningful way. This is intended to be in place by August 2018 and will feed information to the IQPR and the Chief Ambulance Services Commissioner's monthly performance review.
- 136 Performance with regard to red calls continues to be strong. The 65% target was surpassed in every Health Board area during 2016-17, with 75.4% the worst performance at an all-Wales level. This performance is despite demand increasing by 5% from the previous year. However, this increased demand has affected amber 95th percentile performance, which has led to an average increase of 23 minutes wait for patients in this category in recent years.
- 137 The Trust has increased its focus on amber performance during 2017 and agreed a plan to improve amber performance through a number of actions, including:
- realigning resource deployment as per the demand and capacity review³;
 - increasing the consistency of relief cover into staff rotas; and
 - increasing the deployment of emergency ambulances and reducing Rapid Response Vehicles (RRV's) to improve efficiency.
- 138 Addressing the growing demand on ambulance and wider NHS services is also a key area of focus for the Trust. While handover delays at emergency departments continued to reduce in 2017, they have not reduced at a rate to offset growing demand. The Trust continues to develop services to mitigate and manage demand, such as an increase in the number of clinicians available within its Clinical Contact Centres to provide clinical advice to patients over the phone and reduce the number of ambulance despatches and conveyances where appropriate. There are also a range of initiatives led solely or jointly by the Trust which are aimed at reducing demand such as the new 111/OOH service, frequent caller interventions and community paramedicine.

Other enablers of the efficient, effective and economical use of resources

The Trust is strengthening the vision for its estate, stakeholder engagement and workforce planning, however managing assets and sickness absence continues to present challenges

³ In 2016, the Trust commissioned a demand and capacity review. The review examined the use of the organisations' resources (workforce, estates and assets), population trends and service demands, and is used by the Trust to inform and strengthen its future planning and delivery of services.

139 Our structured assessment work in 2017 reviewed a number of enablers of effective use of resources, including workforce management, estates and asset management, ICT and use of technology and stakeholder and community engagement. We have also assessed progress against related recommendations made in 2016. Our findings are set out below.

Workforce management – The Trust is strengthening its workforce planning arrangements, and has been successful in improving aspects of workforce management, but reducing sickness absence remains a challenge

140 The findings underpinning this conclusion are based on our review of arrangements to manage the workforce efficiently, effectively and economically. Our key findings are set out below.

141 The Trust has strengthened its arrangements with regard to workforce planning. The Trust has a business partner model in place where each department has a partner within Human Resources (HR) to offer support with workforce management issues, such as sickness absence. During 2017, the Trust broadened the role of its HR business partners to include support for workforce planning. As a result, workforce plans for the Trust's Clinical Contact Centres and 111 service now include scenarios for the medium to long-term. Workforce planning for paramedics is currently done centrally. The Trust plans to develop workforce planning at a local level, to be tested centrally and collated into a central paramedic workforce plan.

142 In common with other ambulance services across the UK, the Trust has recently introduced a Band 6 pay level for its paramedics. However, the Trust is taking a distinct approach to that of other Ambulance services in terms of transitioning its current workforce. All current paramedics have been given a choice to sign up to the change, and those that choose to do so will have two years to demonstrate that they can meet the higher competencies expected of a band 6 paramedic. The move is expected to benefit the Trust, its staff and its patients as paramedics will become more highly skilled. Those who choose not to transition will instead become Emergency Medical Technicians (EMTs). The funding for this change has been agreed through the Emergency Ambulance Services Committee (EASC). At the time of fieldwork, the Trust had developed several scenario models and were using these models to predict the impact of various levels of transition on the organisation.

143 During the summer 2017, the Trust was successful in recruiting to a number of vacant paramedic posts. As of July 2017, there was only a 2% vacancy for paramedic roles. The Trust received a Healthcare People Management Association Award for Recruitment Team of the Year in recognition of the success of their 'Big Bang' recruitment event. The event led to the recruitment of over 30 paramedics and the Trust is now seeking to over-recruit in order to strengthen the organisation's relief capacity. This is funded by a reduction in the use of overtime for staff.

144 However, there is more to do, for example, there was a 28% vacancy rate in advanced paramedic practitioner roles and turnover continues to be between 7% and 8% in terms of paramedics. In addition, the Trust recognises that one of its key challenges over the next few years will be to increase the representative profile of the organisation in terms of equality. Currently only 1% of the workforce is from a BME background.

145 Sickness rates during 2016-17 have not decreased in line with planned targets. In August 2017, the sickness rate stood at 7% against a target of 5.9%. This represents an increase from a rate of 6.5% in February 2017. The Workforce and Organisational Development department has been working during

the year to analyse sickness trends, identifying that the Trust's rate of long-term sickness absence is higher than of short-term sickness absence. In response, the Trust has established a Sickness Absence Project Group, which have agreed a Sickness Action Plan for 2017-18. The Sickness Absence Plan includes actions such as reviewing patterns of sickness, developing plans for staff on long-term absence and refreshing sickness audits.

- 146 The Trust commissioned an external review of Occupational Health, which reported to the Executive Management Team in August 2017. The review highlighted capacity constraints that the Workforce and Organisational Development department are looking to address in coming months. Given the ongoing impact sickness absence has on operational capacity on a day-to-day basis, as well as the Trust's financial performance, this work is a key area of focus for the Trust.
- 147 Personal Appraisal and Development Review (PADR) performance across the Trust was 70% as of September 2017, set against a target of 85%. This is a significant improvement for the Trust against its performance last year, but it continues to face challenges in ensuring frontline staff complete PADRs. The management of the Trust also recognise that, while improving, the quality of PADRs remains inconsistent.
- 148 Statutory and mandatory training compliance for the Trust also continues to improve, standing at 79% in September 2017, and the Trust's Team Leader Programme is well-received by staff. However, the Trust faces significant challenges in encouraging staff to use Continuing Professional Development (CPD) training time by the year-end, with only 26% of its paramedic/emergency medical technician workforce completed agreed CPD by the end of September 2017.
- 149 In 2016, we made the following recommendation relating to workforce management. **Exhibit 10** describes the progress made.

Exhibit 10: progress on 2016 workforce management recommendation

The table describes the progress made against the 2016 recommendation relating to workforce management.

2016 recommendation	Description of progress
<p>2016 R8 To reduce the cost of sickness and build workforce skills and capacity, take further action to reduce sickness levels and increase completion rates for mandatory training and personal appraisal and development reviews (PADRs).</p>	<p>On track, but not yet complete.</p> <ul style="list-style-type: none"> • Sickness rates during 2016-17 have not decreased in line with planned targets. The Trust has agreed a 'sickness action plan' for addressing performance in 2017-18. • PADR has improved, although the Trust recognises that the quality of PADRs are inconsistent. • Statutory and mandatory training compliance has increased and was at 79% in September 2017.

Estate and asset management arrangements – The Trust has articulated its vision for its estate through an approved Strategic Operating Programme and is seeking to improve the accuracy and consistency of its asset management through the procurement of an Asset Management System

- 150 The findings underpinning this conclusion are based on our review of arrangements in place to support estate and asset management. Our key findings are set out below.
- 151 The Board approved the Estates Strategic Outline Programme (SOP) in March 2017. The SOP details the vision for the Trust's estate development between 2017 and 27, and was developed by staff from various parts of the organisation including operational sites, Clinical Contact Centres and administrative sites. The SOP was recently submitted to Welsh Government and, if approved, will inform the Trust's use of discretionary capital and business plans over the next ten years. For example, the SOP outlines the Trust's options for addressing its backlog maintenance.
- 152 Internal Audit presented a report on estates maintenance backlog at the Audit Committee in December 2017. The report provided a rating of reasonable assurance. The report commented positively on the Trust's identification and monitoring and reporting arrangements for estates maintenance backlog. It also reported that the Trust has reduced its risk adjusted backlog maintenance from £15.6 million in 2015-16 to £9;.8 million in 2016-17
- 153 During structured assessment 2016, we commented on the need for the Trust to strengthen its asset management control and address weaknesses we identified in the Wales Audit Office Final Accounts Memorandum 2015-16. This year, the Trust has demonstrated some progress against the required improvements for asset controls. Actions taken include having:
- undertaken physical existence checks of IT assets and updated the asset register accordingly;
 - reviewed IT assets within the asset register and removed a large proportion of obsolete / non existing assets; and
 - revised methodology to support capitalisation of staff costs (as referred to in **Exhibit 6**)
- 154 However, a number of issues identified in 2015-16 remain outstanding and we identified further issues in this year's work, as reported in the Final Accounts Memorandum 2016-17. There were several issues with the asset register, such as misclassification between asset categories. While we recognise that the Trust has undertaken work during 2016-17 to confirm the existence of its IT assets, it will need to fully complete and extend this exercise going forward to include regular verification of further assets such as stretchers, defibrillators and buildings. The Trust recognises these points and is currently procuring an Asset Management System to improve the quality of information recorded, ensure assets are classified correctly and flag assets that require verification. The Trust has responded that its intends to complete actions in response to our recommendations by June 2018 and has delegated responsibility for overseeing progress to the Finance and Resources Committee.
- 155 In 2016, we made the following recommendation relating to estate. **Exhibit 11** describes the progress made.

Exhibit 11: progress on 2016 estate and asset management recommendation

The table describes the progress made against the 2016 recommendation relating to estate and asset management.

2016 recommendation	Description of progress
2016 R10 To ensure the Trust is making the best use of its estate, complete development of an up-to-date estates strategy by the intended date of 31 March 2017.	Complete. Estates Strategic Outline Programme was approved by the Board in March 2017 and is awaiting approval by Welsh Government
2016 R2 To strengthen asset management controls, address the required improvements identified in the WAO accounts report and Final Accounts Audit Memorandum (FAR).	On track, but not yet complete. <ul style="list-style-type: none"> • The Trust can demonstrate some progress against required improvements for asset controls, as described above. • However, a number of issues identified in 2015-16 remain outstanding and we identified further issues in this year's work, as reported in the 2016-17 Final Accounts Memorandum. These relate to the following areas: <ul style="list-style-type: none"> – Quality of asset register information – Classification of assets – Physical verification of assets – Capitalisation of costs – Assigning asset lives

ICT and use of technology – The Trust is actively pursuing modernisation through improving its technological systems but support is limited due to resource pressures

- 156 The Trust's ICT and informatics functions form a key part of the Trust's modernisation board and are active participants in the modernisation process. The Trust's modernisation agenda for 2017-18 included the implementation of a replacement Computer Aided Despatch (CAD) system which was underway at the time of fieldwork. The CAD is the system that the Trust's Clinical Contact Centre staff use to assess and prioritise 999 calls as well as dispatch resources, and is critical to the management of the Emergency Medical Service. The new CAD system procured by the Trust should improve the quality and timeliness of information within the system as the Trust identified its previous CAD was not fit for purpose. This has been a significant piece of work for the ICT and Informatics functions during 2017 and is an important part of the modernisation of the Trust's three Clinical Contact Centres.
- 157 There are currently only 27 FTE staff in the Trust's ICT function, and only one ICT Project Manager that covers all of the Trust's ICT projects. The economic climate and ongoing requirement to make savings will make it challenging for the Trust's ICT function to continue to support modernisation.

Stakeholder engagement and partnership working arrangements - The Trust is demonstrating a commitment to working with partners and is using public engagement to inform its long-term strategy

- 158 The findings underpinning this conclusion are based on our review of arrangements in place to effectively engage with stakeholders and work with partners. Our key findings are set out below.
- 159 The Trust has recently developed and implemented an Engagement and Communications Framework and an accompanying Delivery Plan for 2017-18. The Trust intends for the Engagement and Communications Framework to enable them to explore and use opportunities to establish and strengthen relationships with key partners and support the Trust is achieving its vision in collaboration with those partners. The Engagement and Communications Framework sets out a number of principles that the Trust should work to in engaging its partners when pursuing specific outcomes, for example, reducing demand on 999 services.
- 160 The Engagement and Communications Framework also comments on the opportunities created by recent Welsh Government legislation, for example Public Service Boards (PSBs) and Regional Partnership Boards (RPBs) created by the Wellbeing of Future Generations Act (Wales) 2015 and the Social Services and Well-being (Wales) Act 2014 respectively. While the Trust is not a prescribed body under the Wellbeing of Future Generations (Wales) Act 2015, it has voiced an intention to utilize opportunities to take part in strategic conversations at the PSB level. The Trust is yet to establish how it can effectively engage through these mechanisms given the number of PSBs and RPBs and the fact that many are still at an early stage of development.
- 161 Other work that demonstrates the Trust's on-going commitment to stakeholder engagement and partnership working during the year includes:
- continued development of a number of shared schemes with its Health Board partners such as fallers projects funded through the Integrated Care Fund;
 - examples of positive working with South Wales police leading to a pilot of clinical staff placed in police control rooms to reduce demand which has now become a permanent arrangement;
 - the geographic rotation of Board meetings along with the stakeholder engagement sessions that follow each meeting continues to promote wider stakeholder engagement; and
 - the introduction of a University representative to sit on the Board.
- 162 In addition, the Trust's Patient Experience and Community Involvement team (PECI) has been engaging a number of specific patient groups during 2016-17. Engagement work with older people, people with learning disabilities and, more recently, children and young people, has uncovered what these groups feel are most important when they receive emergency ambulance services. This work has led to the development of 'promises' to these specific groups, which will be incorporated into the Trust's long term strategy currently being developed.

Appendix 1

The Trust's management response to 2017 structured assessment recommendations

Exhibit 12: management response

The following table sets out the 2017 recommendations and the management response.

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
<p>R1 Scrutiny of financial savings delivery. While there is good scrutiny of overall savings plan delivery, the Trust should strengthen its current arrangements to include:</p> <p>a. greater focus by the Executive Finance Group on the reasons behind the under-delivery of specific saving schemes;</p> <p>b. improving attendance at the EFG by Executive Directors; and</p> <p>c. strengthening scrutiny of savings schemes that are</p>	<p>Greater ownership of the Trust's savings plans and greater understanding of the reasons behind the under-delivery of savings schemes.</p>	Yes	Yes	<p>Our financial plan requires that we deliver against challenging savings targets. By the end of the initial approved 3 year IMTP period we will have made savings, or avoided costs of over £15 million – some 10% of the discretionary spend of the organisation at the start of this period. To achieve this we have a number of schemes against which we have set very challenging targets and it is recognised there are some which inevitably have some initial slippage or even under-deliver. There are also others where we have been able to achieve more than initially planned. Whilst we already monitor these variances closely we will strengthen our in-depth reporting in relation to those areas of under-delivery to promote a greater understanding of the reasons and actions to respond to this (both in the short and longer term as some savings may under deliver due to longer lead in times than anticipated). This will be reflected in updated reporting to both EFG and FRC (and ultimately Trust Board) to support their scrutiny of savings delivery.</p> <p>There will be a renewed focus on attendance at the EFG, including during the upcoming interim period in terms of both</p>	31 March 2019	Deputy Director of Finance

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
	underperforming by Finance and Resources Committee.			the CEO and DoF, including the formal nomination of a named deputy to represent each of the Executive Director members when required.		
R2	Identifying risks to performance and quality in savings plans. Risks to service performance and quality are considered in planning savings, but reporting risks in-year is limited. The Trust should take steps to ensure its Savings Delivery Reports highlight any risks that savings schemes may present for service performance or quality.	Yes	Yes	Whilst the consideration of risk and impact on service delivery, performance and quality are implicit in any discussions held in relation to the delivery of savings, we will update our savings delivery highlight reports to include a specific section on risks to service delivery and quality for 2018/19.	1 April 2018	Deputy Director of Finance
R3	Strengthening asset management controls. The Trust needs to address the further improvements to asset management controls identified in the WAO accounts report and Final Accounts Audit Memorandum for 2016-17.	Yes	Yes	Following the recognition that the current asset management system needed a detailed review, this commenced as soon as the 2016/17 year end audit was finalised. This quickly concluded that the Trust's fixed assets should be managed through a dedicated system. Following a 'mini tendering'/competitive exercise the new system 'RAM' (Real Asset Management) was procured. Implementation of this system began in October 2017 and a data cleansing exercise has been ongoing. The initial testing and training of the new system took place during January 2018 and plans for the system to go live from 1 April 2018 are well on track. This will be seen as a significant step forward	31 March 2018	Financial Accountant

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer	
				<p>and improvement by WAO, who have been fully updated with this development as it has progressed.</p> <p>In addition to this a focussed task and finish group was established in order to support asset verification in respect of ICT assets and defibrillators. Work in this area is now almost concluded and a final meeting of this group is planned for early February 2018.</p> <p>Following referral of this issue from the Trust's Audit Committee, a full update in respect of this area is being provided to the Finance and Resources Committee (FRC) meeting on 25th January 2018 and further updates on the progress of this will be provided during the 2017-18 year end period.</p>			
R4	<p>Compliance with Welsh Health Circular (2016) 033. We found that some key items were not easily accessible on the Trust's website in accordance with the requirements of the Welsh Health Circular (2016) 033 in 2016 and have found a similar position in 2017. The Trust should take steps to ensure it complies with the requirements of WHC 033.</p>	Public access to key documents on the Trust website.	Yes	Yes	<p>The Trust's Website is currently under review. It is the Trust's intention that, once complete, the website will be easier to use and navigate, making key documents, such as those detailed in WHC (2016)033, easier to identify and access. The work will also ensure that the Trust is, and will remain, fully compliant with WHC(2016)033.</p>	31 March 2019	Director of Partnerships and Engagement
R5	<p>Strengthening the Board Assurance Framework. The Trust's Board Assurance</p>	A robust Board Assurance	Yes	Yes	<p>The Board Assurance Framework (BAF) document was introduced during 2017-18 after a number of discussions with Board members on the type and style of document they would</p>	30 June 2018	Board Secretary

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
<p>Framework covers a range of information, but that it could be strengthened further. The Board should:</p> <ul style="list-style-type: none"> • provide greater detail in describing the threats to achieving strategic objectives and their outcomes; • identify and clearly state the specific controls and assurances for the Framework, for example, detailing what clinical audit will provide assurance as opposed to assigning assurance to 'clinical audit' in a general sense; and • assign oversight of each identified risk to corporate objectives and the associated controls to a designated committee for scrutiny. 	<p>Framework that has clear ownership and monitoring arrangements</p>			<p>wish to receive and use. It was introduced on the full understanding and agreement that the document represented a starting point and that the BAF will continue to be developed as it embeds into the governance framework. Further considerable development work is planned for 2018-19 and this will be an opportunity to take account of the WAO observations.</p>		

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
<p>R6 Strengthening the audit recommendation tracker. Improve the audit recommendation tracker further by recording the outcomes of specific actions and how they relate to a recommendation, for example, where the action is to review a particular area or function of the organisation.</p>	<p>A more transparent audit recommendation tracker that provides greater assurance to Non-Executive Directors.</p>	<p>Yes</p>	<p>Yes</p>	<p>The systems and processes supporting the audit tracker, as well as how the information is presented to Audit Committee, have recently been reviewed and improved in order to provide greater assurance. The audit recommendation tracker is now clearer to understand with, for example, a much better understanding of such matters as completion dates and the reason behind any revision or change to these dates. The Governance Team will continue to work with the Audit Committee Chair to ensure the audit tracker continues to provide the Committee with the information and assurance it needs.</p>	<p>31 March 2018</p>	<p>Board Secretary</p>
<p>R7 Reducing sickness absence. The Trust's sickness rates during 2016-17 have not decreased in line with planned targets. Given the ongoing impact sickness absence has on the Trust's operational capacity on a day-to-day basis, as well as its financial performance, the Trust should prioritise action to reduce sickness levels.</p>	<p>Reduced sickness absence rates which support the Trust's operational capacity and financial savings</p>	<p>Yes</p>	<p>Yes</p>	<p>Reducing absence and improving attendance at work is a key priority for the Trust, as signalled within our Integrated Medium Term Plan. We set a target reduction of 1% in 2017-18 with a further 0.5% for the following two years. We refresh our Sickness Action Plans each year. Our plans and target remain ambitious, and we will roll forward the target 1% into 2018/19 plans, with a continued focus on holistically improving the conditions for wellbeing and attendance, rather than just a focus on the process of absence management. A lack of any significant improvement in 2017-18 has highlighted the need for investment in services around our most prevalent reasons for sickness, both preventative and reactive.</p> <p>In December 2017 we were awarded the Gold Corporate Health Standard for our commitment to improving the health and wellbeing of our staff. We are also seeking to progress the following actions:</p> <ul style="list-style-type: none"> a full and regular case review of the Long Term Sickness cases (our sickness is 70-80% LTS); 	<p>March 2018</p>	<p>Director of Workforce and Organisational Development</p>

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer	
				<ul style="list-style-type: none"> • exploration of a business case for physiotherapy services, including preventative; • exploration of fast-track pathway for mental health cases; • expediting internal SLA for OH to ensure performance metrics (appointment times; report production etc.); • review of audit process to include more LTS management measures (currently a largely STS driven audit); • working up of a potential phased "keep me in work" process; • MIND training for managers around "having difficult conversations with staff about mental health"; • explore opportunities to introduce an enhanced level of occupational psychology support across the Trust, and the benefits / opportunities • prioritising HR team time and interventions (e.g. cases, meeting attendance). <p>It is also our intention to work closely with academic partners to track the impact of our sickness interventions to ensure that we are focusing our attention on areas which we are able to evidence have impacted our sickness rates. Initial scoping conversations have been held with Swansea University in this regard, to be taken forward during 2018-19.</p>			
R8	Information Governance policies. The Trust's should improve the pace of updating their policies and make prompt progress against the wider GDPR requirements to ensure	Mitigated risk of failing to comply with the requirement of GDPR.	Yes	Yes	There has been a programme of work initiated to ensure that all existing policies and new policies are reviewed and/or developed in line with GDPR requirements, this forms part of the wider Trust policy framework. There will be a transition period whilst the policies are implemented and introduced, this is mainly due to guidance still being developed through the European Union and Information Commissioners Office (ICO) in respect of the obligations of data controllers. Where	December 2018	Head of Health Informatics and Data Protection Officer

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
they comply with GDPR by May 2018.				<p>awareness is required during the transition period work will be undertaken to provide appropriate guidance and communications to staff around their, and the organisations responsibilities.</p> <p>In terms of the progress against the wider requirements of GDPR by May 2018, good progress continues to be made within the Trust. This will include the confirmation of the Trust's DPO. In terms of wider awareness, this has recently included a detailed update being provided to Board members at a recent Board Development/briefing session, and the drafting of a detailed range of FAQs in relation to the direct application of GDPR on 25 May 2018, to ensure all know and/or are reminded of their responsibilities in this area. Work on this will continue up to this date (and beyond).</p>	May 2018	Head of Health Informatics and Data Protection Officer
<p>R9 Improving the quality and timeliness of Board and Committee papers. Improve the timeliness of Board and Committee papers, and making further improvements to their quality by:</p> <ul style="list-style-type: none"> being more assurance focussed, highlighting to members any particular risks they should consider, or the level of 	Board and committee papers that are timely and of high quality.	No	Yes	<p>The reporting checklist which accompanies Board papers is designed to capture and bring focus on such information as risk, quality themes and corporate objectives. However, it is accepted that these details are not always completed by those submitting Board papers. The current format of the reporting checklist has been in use for some time now and, as a consequence, it will be reviewed in 2018-19 to ensure it is providing the Board with the appropriate information.</p> <p>The style and presentation of Board and Committee minutes and action points has recently been reviewed following discussions with individual Chairs. Whilst styles may vary slightly between Committees, they reflect the individual</p>	<p>30 June 2018</p> <p>31 March 2018</p>	<p>Board Secretary</p> <p>Board Secretary</p>

Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
<p>assurance that risks are being mitigated: the reporting checklist is a helpful tool for capturing this information, but it is not always included or completed consistently;</p> <ul style="list-style-type: none"> • being more consistent in capturing the important discussion points in minutes: currently some minutes only capture actions, not recommendations and do not consistently evidence scrutiny or discussion; and • ensuring the Board regularly receives the minutes of the Emergency Ambulance Services Committee (EASC). 				<p>requirements of each Committee and the business under scrutiny. The style and presentation of Board and Committee meetings is regularly discussed and kept under review by the Chairs Working Group and the Governance Team will continue to work closely with Chairs to ensure minutes and action points are properly and accurately captured.</p> <p>All EASC minutes will in future be presented at Trust Board meetings.</p>	31 March 2018	Board Secretary

Appendix 2

Exhibit 13: Summary of the Trust's 2016-17 saving scheme delivery

The table describes the performance against saving schemes at the end of the financial year.

Savings Scheme	Recurrent / Non-Recurrent	Annual Target £000's	Delivered £000's	Difference £000's
Schemes that under-delivered against annual target				
Fleet Review	Recurrent	33	2	-31
NEPTS	Recurrent	140	77	-33
Review of Drug, Medical Gases and SLAs	Recurrent	9	7	-2
Sickness Reduction by 2% - Head of CCC	Recurrent	26	4	-22
Sickness Reduction by 2% - Head of Ops	Recurrent	173	113	-60
Travel Review and Reduction	Recurrent	20	12	-8
Withybush Control – Non Funded Staff	Recurrent	96	0	-96
Further reduction of sickness	Recurrent	375	109	-266
CPD Alignment	Recurrent	100	55	-45
Efficiencies to variable pay	Recurrent	500	350	-150
Vacancy management	Recurrent	200	145	-55
Expenses	Recurrent	50	20	-30
Fleet maintenance	Recurrent	600	107	-493
Co Responders SLA	Recurrent	50	26	-24
Consumables and Procurement	Recurrent	100	63	-37
Local Schemes	Recurrent	480	323	-157
Fuel (Based on Volatility of Prices)	Non-Recurrent	350	319	-31
	Sub-Total	3,302	1,732	-1,570
Schemes that achieved annual target				
CCC Led Modernisation	Recurrent	300	300	0
Overrun / End of Shift Overtime	Recurrent	8	8	0
Sport Event Cover	Recurrent	11	11	0
New fuel card etc.	Recurrent	20	20	0
Impact of VERS	Recurrent	500	500	0
	Sub-Total	839	839	0
Schemes that over-delivered against annual target				
Contain inflation and statutory costs	Recurrent	407	1,157	750
Reduce private providers	Recurrent	700	1,061	361
	Sub-Total	1,107	2,218	1,111
	Total	5,248	4,789	-459

Source: Welsh Ambulance Services Trust

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru